

TENNESSEE ALCOHOLIC BEVERAGE COMMISSION

**Minutes
September 27, 2007
1:30 p.m.**

The regular meeting of the Tennessee Alcoholic Beverage Commission was held on Thursday, August 23, 2007 in Nashville, Tennessee at 1:30 p.m. Chairman John Jones, Commissioner Cynthia Bond and Commissioner Harlan Mathews were present. Executive Director Danielle Elks, Assistant Director Carolyn Smith, and CLEO Mark Hutchens were present. Chairman Jones stated that Senator Mathews had had some health issues and that he was doing well and the Commission was glad he was able to be at the meeting today.

1. The Minutes for August 23, 2007 Commission Meeting were approved.

2. RETAIL PACKAGE STORES

OLD BUSINESS:

**A. LIQUOR AND WINE DEPOT
MEMPHIS, TENNESSEE (SHELBY COUNTY)**

Applicant: Gregory Cross

Before the Commission is a request for a new retail store to be located at 756-758 Mt. Moriah Road in Memphis, Tennessee. Mr. Gregory Cross, if approved, will operate the business as a sole proprietorship. He intends to initially invest \$250,000 in the business. Financing is based upon a loan with Regions Bank. Mr. Cross is leasing the property from Malkin Management and Investment Company for a period of 5 years for \$3625/month. All documentation has been submitted with the exception of the following:

- a. Copy of loan agreement with Regions Bank;
- b. TABC Inspection and report;
- c. Use and Occupancy permit;
- d. Lease from Samuels to Malkin Management;
- e. Affidavit from family members they have no interest in business, and verification of stores they are involved; and

Discussion/Action Taken:

Director Elks reviewed the application to the Commission and requested a continuance to the September Commission meeting until the financing can be resolved and the agent has completed his investigation. Commissioner Bond made a motion to continue the matter to the September meeting. Commissioner Mathews seconded the motion and it passed with 3 ayes.

New: TABC investigation conducted by SAC Bond Tubbs indicated that Mr. Cross, after submitting the initial application, changed his financing from a loan with Regions Bank, to a secured loan in the amount of \$250,000 with Richard Robinson, a family friend. It should be noted that Mr. Cross's father owns Jumpin' Jimmy's Liquor Store, and his mother owns Liquor Mart—both in Memphis. All documentation has been submitted with the exception of the following:

- a. TABC Inspection and report;
- b. Use and Occupancy permit;
- c. Lease from Samuels to Malkin Management;

Discussion/Action Taken:

Elizabeth Rudolph, attorney, and Greg Cross were present at the meeting. Director Elks reviewed the application to the Commissioners and recommended approval upon submission of the TABC Inspection and Use and Occupancy. Director Elks stated that the lease had been submitted to the staff. Commissioner Bond made a motion to approve upon submission of pending documentation. Commissioner Mathews seconded the motion and it passed with three ayes.

NEW BUSINESS

**A. STATION WINE AND SPIRITS
SPRING HILL, TENNESSEE (WILLIAMSON COUNTY)**

Seller/Licensee: Carrie and Scott Stafford
Buyer/Applicant: Vandeley Holdings, Inc.
Members: Randy Wilkes

Before the Commission is a request for a transfer of ownership of the retail store located at 4910 Main Street, Suite 118, in Spring Hill, Tennessee. Randy Wilkes intends to purchase the business for \$340,000 plus inventory, and if approved, operate the business as a corporation. Financing is based upon the following: \$303,000 from a loan with Borrego Springs Bank and \$100,000 in personal funds (trust and Vandeley Holdings, Inc.). The corporation is leasing the property from Campbell Station Associates, LTD. for a period of five years at \$1808.33 per month. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules/regulations;
- c. TABC financial report.

Discussion/Action Taken:

Randy Wilkes was present at the meeting. Director Elks reviewed the application to the Commission and stated that upon submission of the TABC inspection, acknowledgment of the rules/regulations and TABC Financial report she recommended approval. Commissioner Mathews made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it passed with 3 ayes.

**B. LAWRENCEBURG WINE AND SPIRITS
LAWRENCEBURG, TENNESSEE (LAWRENCE COUNTY)**

Applicant: Lawrenceburg Wine and Spirits, LLC
Members: Jacob Murdock

Before the Commission is a request for a new retail store to be located at 1238 First Avenue, in Lawrenceburg, Tennessee. Mr. Jacob Murdock, if approved, intends to initially invest \$160,000 to operate the business, and will be the sole member of an LLC. The applicant is leasing the property from Crockett South, LLC for a period of two years for \$1450/month. Financing is based upon a loan with SunTrust Bank in the amount of \$120,000, and \$40,000 from savings. All documentation has been submitted with the exception of the following:

Loan agreement with SunTrust.

Discussion/Action Taken:

Jacob Murdock was present at the meeting. Director Elks reviewed the application to the Commission and stated that the loan agreement had been received by the staff and that she recommended approval. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it passed with 3 ayes.

**C. LIQUOR FOR LESS
LAWRENCEBURG, TENNESSEE (LAWRENCE COUNTY)**

Applicant: Loyd Herbert Magee, III

Before the Commission is a request for a new retail store to be located at 215 South Locust Avenue, in Lawrenceburg, Tennessee. Mr. Magee, if approved, intends to initially invest \$150,000 to operate the business, and will operate it as a sole proprietorship. L.H. Magee is leasing the property to the applicant for \$500.00 per month. Financing is based

upon a loan with First Volunteer Bank of Tennessee. All documentation has been submitted with the exception of the following:

- a. Designation of applicant on form;
- b. Statement from father that he does not and will not have interest in any other retail store

Discussion/Action Taken:

Herbert Magee was present at the meeting. Director Elks reviewed the application to the Commission and stated that all documentation had been received and that she recommended approval. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it passed with 3 ayes.

**D. GEORGE DICKEL & COMPANY
TULLAHOMA, TENNESSEE (COFFEE COUNTY)**

Licensee: Tennessee Dickel Distilling Company
Applicant: Diageo, North America, Inc.
Stockholders: Publically Traded

Before the Commission is a request for a transfer of ownership of the retail store located at 1950 Cascade Hollow Road, in Tullahoma, Tennessee on the premises of George Dickel Distillery. The request for the transfer of ownership is based upon a pending corporate merger of the current licensee and Diageo, North America, Inc. After the merger, Diageo, North America, Inc. will own the property. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules and regulations;
- c. Merger document.

Discussion/Action Taken:

William Cheek, III, attorney representing Diageo, North America, Inc. was present at the meeting. Director Elks reviewed the application to the Commission and stated that all documentation had been received and that she recommended approval upon submission of the merger document, the inspection and the acknowledgment of the rules and regulations. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it passed with 3 ayes.

**E. CREEKSIDE FINE WINES AND SPIRITS
MARYVILLE, TENNESSEE (BLOUNT COUNTY)**

Applicant: Creekside Fine Wines and Spirits, Inc.
Stockholders: LeRoy Rud and Glenn Krogulski

Before the Commission is a request for a new retail store to be located at 2017 E. Broadway in Maryville, Tennessee. Mr. LeRoy Rud and Glenn Krogulski, if approved, intend to initially invest \$300,000 total and operate the business as a corporation. Each individual would own 50%. Financing is based upon a \$300,000 line of credit with Green Bank. The applicant will lease the property from GKLR Investments, LLC for a period of one year, with an option to renew. TABC staff has requested clarification whether the monthly rent is \$13,500 or whether that is the yearly amount due. All documentation has been submitted with the exception of the following:

- a. Clarification of monthly rent and signatures on lease;
- b. Written permission from landlord to use property as retail store;
- c. Members of GKLR Investments, LLC;
- d. Use and Occupancy permit; and
- e. TABC report.

Discussion/Action Taken:

Director Elks reviewed the application to the Commission and stated that she recommended approval upon submission of the following documentation:

- a. Clarification of monthly rent and signatures on lease;
- b. Written permission from landlord to use property as retail store;
- c. Members of GKLR Investments, LLC;
- d. Use and Occupancy permit; and
- e. TABC report.

Chairman Jones made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it passed with 3 ayes.

**F. GORDONSVILLE DISCOUNT LIQUORS
GORDONSVILLE, TENNESSEE (SMITH COUNTY)**

Applicant: Gordonsville Discount Liquors, LLC

Members: David Bennett, Johnny Cox, and Jerry Mabery

Before the Commission is a request for a new retail store to be located at 482 Gordonsville Highway, Suite A, in Gordonsville, Tennessee. David Bennett, Johnny Cox, and Jerry Mabery, if approved, intend to operate the business as a LLC. A review of the application indicates that the members intend to invest \$150,000, and with each owning one-third interest. Financing is based upon a loan with Citizens Bank. The applicant will lease the property from Jerry and Vicky Sue Mabery for \$1000 per month for a period of five years. All documentation has been submitted with the exception of the following:

- a. Tax stamp in LLC's name;
- b. Questions 18 and 20 answered on application;
- c. Loan agreement;
- d. TABC Inspection and Report;
- e. Acknowledgement of the rules and regulations;
- f. Use and Occupancy permit.

Discussion/Action Taken:

Johnny Cox and Jerry Maberry were present at the meeting. Director Elks reviewed the application to the Commission and recommended approval upon submission of the TABC inspection and report, acknowledgment of the rules and regulations and the Use and Occupancy permit. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it passed with 3 ayes.

**G. HOLIDAY WINE AND LIQUORS
FRANKLIN, TENNESSEE (WILLIAMSON COUNTY)**

Licensee: Jigisha Patel

Before the Commission is a request to transfer location from 112 N. Royal Oaks Boulevard in Franklin, Tennessee to 110 N. Royal Oaks Boulevard, also in Franklin. This request is based upon the new location being much larger, and thus, allow the business to grow. The lease is with Edwin B. Raskin Company for a period of five years, beginning at \$4928/month, and escalating to \$6336.00 per month in the final year. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Deed to Edwin B. Raskin Company.

Discussion/Action Taken:

Director Elks reviewed the application to the Commission and recommended approval upon submission of the TABC inspection and the Deed to Edwin B. Raskin Company. Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 3 ayes.

**H. NORTH END LIQUOR STORE
LAWRENCEBURG, TENNESSEE (LAWRENCE COUNTY)**

Applicant: Ricky Gongwer

Before the Commission is a request for a new retail store to be located 2455 Highway 43 North in Lawrenceburg, Tennessee. Mr. Ricky Gongwer, if approved, intends to operate the business as a sole proprietorship. He will initially invest approximately \$150,000--\$200,000 to operate the business: financing is based upon a line of credit in the amount of \$150,000 with SunTrust Bank. He will lease the property from Casey Penston and Courtney Rudy for a period of ten years, at \$2500.00 per month. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgment of the rules and regulations;
- c. Use and Occupancy permit; and
- d. Statement from Marilyn Gongwer (wife) that she does not and will not have an interest in any other retail stores.

Discussion/Action Taken:

Director Elks reviewed the application to the Commission and recommended approval upon submission of the TABC inspection, acknowledgment of the rules and regulations and the Use and Occupancy permit. Commissioner Mathews made a motion to approve. Commissioner Bond seconded the motion and it passed with 3 ayes.

**I. TRI-CITIES WINES AND SPIRITS
DECHERD, TENNESSEE (FRANKLIN COUNTY)**

Applicant: Dana Floyd, Terry Floyd, and Anita Floyd

Before the Commission is a request for a new retail store to be located at 2531 Decherd Boulevard in Decherd, Tennessee. Dana Floyd, Terry Floyd and Anita Floyd, if approved, intend to operate the business as an informal partnership. They intend to initially invest a total of \$100,000: Dana Floyd will invest \$50,000 based upon a home equity line of credit with SunTrust Bank; Terry and Anita Floyd also will invest \$50,000 based upon a home equity line of credit with SunTrust Bank. Dana Floyd will own 50% of the business, and Terry and Anita Floyd will each own 25%. The partnership will lease the property from Michal and Annette Keel for a period of one year with options to renew: rent will begin at \$1500 per month and escalate to \$2200 per month if renewed. All documentation has been submitted.

Discussion/Action Taken:

Director Elks reviewed the application to the Commission and recommended approval. Commissioner Bond made a motion to approve. Commissioner Mathews seconded the motion and it passed with 3 ayes.

**I. MILLENNIUM SPIRITS
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Licensee/Seller: Mehendra Patel
Applicant/Buyer: Elamir Nashed and Melad Sawiers

Before the Commission is a request for a transfer of ownership of the retail store located at 4035 Nolensville Road in Nashville, Tennessee. Mr. Elamir Nashed and Mr. Melad Sawiers wish to purchase Millennium Spirits from Mehendra Patel for a purchase price of \$65,000. If approved, they will operate the business as an informal partnership. A review of the application indicates that each partner will invest \$25,000 from existing personal funds. They are leasing the property from Arvind Patel for a period of five years, with rent starting at \$3000 per month and increasing to \$3360 per month over the term of the lease. All documentation has been submitted with the exception of the following:

- a. Explanation of the source of the remaining \$15,000 purchase price;
- b. Written statement acknowledging the retail store and convenience store may not be run together;
- c. TABC Inspection;
- d. Acknowledgment of the rules and regulations;
- e. Bank statements indicating balances of at least \$25,000;
- f. Tax returns for the past two years.

* If approved, the applicants wish to change the business name to Uncle Koto's.

Discussion/Action Taken:

Director Elks requested the application be continued to the October Commission meeting. Commissioner Bond made a motion to continue to the October Commission meeting. Commissioner Mathews seconded the motion and it passed with 3 ayes.

**J. TOWNE SQUARE PACKAGE STORE
GREENVILLE, TENNESSEE (GREENE COUNTY)**

Licensee: Towne Square Package Store, Inc.
Stockholders: Sven Hadjopoulos; Mary Lou Hadjopoulos and
Josh Hadjopoulos

Before the Commission is a request to transfer percentage of the corporate stock between existing stockholders. Currently Sven and Mary Lou Hadjopoulos each own 45% of the stock, and their son, Josh Hadjopoulos, owns 10%. The parents wish to transfer 5% each of their stock to Josh, so that the resulting percentage of ownership would be Sven and Mary Lou Hadjopoulos with 40% each, and Josh with 20%. All documentation has been submitted.

Discussion/Action Taken:

Director Elks reviewed the application to the Commission and recommended approval. Chairman Jones made a motion to approve. Commissioner Mathews seconded the motion and it passed with 3 ayes.

3. WINERIES

A. J-6 Waivers. The TABC has received emergency notification from Commissioner Ken Givens, Department of Agriculture, that due to the freeze conditions in April, 2007, and subsequent drought conditions, approximately 80% of the grape and fruit crop has been lost for this year. The Department of Agriculture has confirmed the non-existence or non-availability of the following grapes and fruits:

Grapes: Alwood, Baco Noir, Cabernet, Cabernet Franc, Cabernet Sauvignon, Campbell's Early, Catawba, Cayuga, Chambourcin, Chancellor, Ghardonelle, Chardonnay, Concord, Cynthiana, De Chaunac, Edelweiss, Elvira, Foch, Fredonia, Gewurztraminer, golden Muscat, Ives, Kaye Gray, Martha, Merlot, Muscadine,

Niagara, Petite Verdot, Pinot Gris, Riesling, Rougeon, Sauvignon Blanc, Seyval Blanc, Shiraz, Steuben, Sunbelt, Syrah, Traminette, Vidal, Viognier, Zinfandel.

Fruit: Apple, Blackberry, Blueberry Cherries, Honey, Peach, Raspberry, Rhubarb, and Strawberries.

Due to the emergency situation, TABC staff has approved the following J-6 Waivers:

**A. Chestnut Hill Winery
Crossville, Tennessee**

Cayuga White (2000 gallons); Niagara (2000 gallons), Concord (2000 gallons), Muscadine (5000 gallons), Sauvignon Blanc (1000 gallons), Reisling (2000 gallons), Merlot (1000 gallons), Blackberry (2000 gallons), and Peaches (2000 gallons).

**B. Arrington Vineyards
Arrington, Tennessee**

Merlot (7 tons) and Raspberry (2750 gallons). A previous request for Traminette and Riesling grapes were changed to the following amounts, respectively: 1200 gallons and 1200 gallons.

Discussion/Action Taken:

Director Elks advised the Commission that emergency J-6 Waivers were approved at the June Commission meeting. Director Elks stated that pursuant to the circumstances surrounding the earlier freeze that destroyed a lot of the grape and fruit crop, the Commission gave the staff permission to approve J-6 Waivers as they came into the office. Director Elks stated the wineries J-6 Waivers were approved by the staff.

C. Extension of Time to Open

Applicant/Licensee: Amber Falls Winery and Cellars, LLC.

Members: Timothy and Judy Zaunbrecher

At the May 24, 2007 meeting, the Commission approved a winery license being issued to Amber Falls Winery and Cellars, LLC subject to the TABC inspection and acknowledgement of the rules and regulations. By letter dated September 17, 2007, the applicant requests a 30 extension of time to become open due to construction delays.

Discussion/Action Taken:

Timothy & Judy Zaunbrecher were present at the meeting. Director Elks stated that Amber Falls Winery and Cellars, LLC has requested a 30-day extension and she recommended approval. A discussion occurred regarding whether the winery would be required to pay another \$300 application fee if the winery did not open within the next thirty days. It was determined that if the business construction was not complete within the next thirty days, that the "new" application would be heard at the November meeting and a new application fee would be required. Mr. and Mrs. Zaunbrecher assured the Commission construction would be complete before the November, 2007 meeting. Commissioner Mathews made a motion to approve the 30-day extension. Commissioner Bond seconded the motion and it passed with 3 ayes.

4. WHOLESALE MATTERS

**A. ATHENS DISTRIBUTING CO.
NASHVILLE, TENNESSEE (DAVIDSON COUNTY)**

Licensee: Athens Distributing Company

Athens Distributing Company makes application to transfer locations from its current location of 1000 Herman Street in Nashville, Tennessee, to 12980 Old Hickory Boulevard in Nashville, Tennessee. Athens has purchased the property of the proposed new location. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Use and Occupancy permit;
- c. Payment of outstanding citations.

Discussion/Action Taken:

Henry E. Hildebrand, III, attorney for Athens Distributing Company was present at the meeting. Mr. Hildebrand requested the matter to be continued to October Commission meeting because the business did not want to be closed transferring to a new location from November to January, because that is their busiest months. Commissioner Mathews made a motion to continue the matter to the October meeting. Commissioner Bond seconded the motion and it passed with 3 ayes.

**B. BEVERAGE CONTROL
KNOXVILLE, TENNESSEE (KNOX COUNTY)**

Licensee: Beverage Control, Inc.
Stockholders: Pat Scruggs, Michael Scruggs, Elizabeth Scinta
and Jennifer Johnson

Applicant: a) Joe McAfee, William Pinkston and Andrew
Johnson, as Executors of the Estate for Pat
Scruggs
b) Testamentary trust with beneficiary of
Patricia Falkner Scruggs

Before the Commission is a request from Beverage Control, Inc. to first, transfer stock to an estate, and then, if approved, to a trust. Primary stockholder of BCI was William Pat Scruggs, owning 153 shares of voting stock. On June 5, 2007, Mr. Scruggs passed away. Pending probate of his will, the licensee wishes to have Mr. Scruggs shares transferred to his estate with Joe McAfee, William Pinkston and Andrew Johnson as the executors of the estate. If approved, and upon probate, the estate requests that Mr. Scruggs stock be transferred to a testamentary trust, with a beneficiary of Patricia Falkner Scruggs. All documentation has been submitted with the exception of the following:

- a. Copy of the will;
- b. Copy of the trust; and
- c. Questionnaire for Patricia Scruggs.

Discussion/Action Taken:

Henry E. Hildebrand, III, attorney for Beverage Control, Inc. was present at the meeting. Mr. Hildebrand requested the matter to be continued to the October Commission meeting. Mr. Hildebrand stated that a major supplier for BCI (Diageo North America) had just been notified that this matter was on the agenda. Diageo had requested of BCI to request a continuance from the Commission until they could review the transfer to determine how the transfer could affect the contractual relationship with BCI, to distribute Diageo brands. Chairman Jones advised both Mr. Hildebrand and Mr. Will Cheek, who was present representing Diageo, that Diageo would not have an influence on the Commission in either approving or denying the transfer of ownership for BCI. Further, Chairman Jones cautioned both parties that no relationship between BCI and Diageo can exist but that as supplier and wholesaler. Commissioner Mathews made a motion to continue the matter to the October meeting. Commissioner Bond seconded the motion and it passed with 3 ayes.

5. MANUFACTURER LICENSE

**GEORGE DICKEL DISTILLERY
TULLAHOMA, TENNESSEE (COFFEE COUNTY)**

Licensee: Tennessee Dickel Distilling Company
Applicant: Diageo, North America, Inc.
Stockholders: Publically Traded

Before the Commission is a request for a transfer of ownership of the distillery located at 1950 Cascade Hollow Road, in Tullahoma, Tennessee. The request for the transfer of ownership is based upon a pending corporate merger of the current licensee and Diageo, North America, Inc. After the merger, Diageo, North America, Inc. will own the property. All documentation has been submitted with the exception of the following:

- a. TABC Inspection;
- b. Acknowledgement of the rules and regulations;
- c. Merger document.
- d. Deed.

Discussion/Action Taken:

William Cheek, III, attorney representing Diageo, North America, Inc. was present at the meeting. Director Elks reviewed the application to the Commission and stated that all documentation had been received and that she recommended approval upon submission of the merger document, the Deed, the TABC inspection and the acknowledgment of the rules and regulations. Commissioner Mathews made a motion to approve upon submission of the pending documentation. Commissioner Bond seconded the motion and it passed with 3 ayes.

6. BUDGET

7. CONSENT ORDERS

8. PENDING MATTERS LIST

- 9. MISCELLANEOUS** – Director Elks advised the Commission that she had met with Carol White for the Shared Services Division. She reviewed that Shared Services was a new department that would provide certain services such as personnel, purchasing, etc. for small agencies when the agency determined that insufficient work was present to justify the hiring of a dedicated person. Director Elks indicated that she had discussed the possibility using Shared Services for audit issued assistance, however, because the potential services of an auditor included specific ABC investigations as opposed to general audit issues, Director Elks

recommended that the TABC hire an auditor to investigate the potential for internal frauds; licensee money laundering, food audits, etc. She further indicated that she would seek Shared Services assistance for a report due by the end of the year. Chairman Jones made a motion to hire an auditor for the TABC. Commissioner Bond seconded the motion and it passed with three ayes.

- 10. DATE OF NEXT MEETING** – Friday, October 19 and Friday, November 16, 2007 at 1:30 p.m.

Shari Danielle Elks
Executive Director

John A. Jones